Programs and Services

Farm and Food Report, Week of April 24, 2006

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KOREAN 4-H CLUB STUDY TRIP TO CANADA FOCUSES ON SASKATCHEWAN

When Brenda Clemens was contacted by an Asian tour operator to host 20 Korean visitors in March at the Beaver Creek Ranch and Horse Centre in Lumsden, she and her husband Barry figured this would be a golden opportunity to showcase their operation and the province.

The tour was to be part of a Korean 4-H study trip to Canada. It would focus almost exclusively on Saskatchewan, where these visitors would spend nearly a week.

The 4-H movement was established in Korea in 1947. It serves not only rural but also urban communities; it is open to both boys and girls, and men and women, between the ages of nine and 29. Like here, 4-H focuses on developing well-rounded, responsible and independent citizens. The 4-H movement in Korea involves more than 61,000 youth, of which 44,400 are students and nearly 16,000 are young farmers. The total 4-H alumni in South Korea numbers 4.5 million people.

The Clemens called upon their friends, neighbours and partners to help them put together the perfect program for the Koreans' stay at the ranch.

One of the challenges of organizing an agricultural tour in late March is the weather and the absence of crops in the field. To make up for the lack of agriculture, the Koreans spent a couple of days in Saskatoon visiting the Western Development Museum, the Ukrainian Museum of Canada, the Wanuskewin Heritage Park, the Kelsey Campus of the Saskatchewan Institute of Applied Science and Technology, the College of Agriculture at the University of Saskatchewan and an agricultural implement dealership.

Meanwhile, the Clemens and their family and friends had been working on a ranch program that would sustain the Koreans' interests.

"Everything was planned with precision. We had a ranch supper waiting for them when they returned. The living room had been turned into a dining room for 20, with candlelit tables. The evening meal was followed by an informal discussion on the nature of livestock production in Saskatchewan," explains Barry Clemens.

The next morning started with a ranch visit right in the midst of calving season and a spring melt, which proved a little challenging for Asian footwear... but not for the spirit of the Korean guests.

"They were fascinated by the costs of forage in Saskatchewan compared to much higher costs in Korea," says Barry. "Similarly, we were surprised to learn that the cost of a bred heifer is around $8,000 over there. Shortly after the ranch tour, we headed to Griffith's petting farm across the road. The petting farm was definitely a hit."

Afterwards, the group headed back to the ranch for a hamburger and hot dog lunch cooked on the BBQ and a warm campfire. This would be followed by a visit at the Arm River Hutterite Colony, and then a late-afternoon wagon ride on the ranch.

The main event for the day turned out to be the ranch work demonstration using young bison to train the cutting horses in the heated indoor arena.

"Our guests got to see how cows are roped with a lasso and gently immobilized for treatment out in the pasture, using our mounts to reduce the labour. Then, our new friends got a chance to ride themselves. Eventually, these budding cowboys and cowgirls also got to try their hands at roping from the ground. Learning how to rope a dummy cow is part of the basic training," Barry says with a smile.

The Koreans headed back to Seoul the next morning. For Brenda and Barry, this was well worth the effort. It provided much-appreciated extra income for the ranch operation. They hope to welcome more such guests from Korea in the future.

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VERIFIED BEEF PRODUCTION IS GAINING GROUND IN SASKATCHEWAN

The level of sophistication that today's beef production requires is gaining acceptance in the industry, as the Verified Beef Production program is increasingly taken on by both producers and processors in the province, according to Janice Sopatyk, Program Administrator for the Quality Starts Here/Verified Beef Production (QSHVBP) program in Saskatchewan.

QSHVBP is a national program, launched under the Canadian Cattlemen's Association, with roots going back to 1994. The Saskatchewan Quality Starts Here Working Group administers the Verified Beef Program in the province. The idea is to encourage producers to adopt good production practices, such as giving injections in the neck instead of in the rump where the high-quality cuts of meat are. The program requires that producers keep records of treatments and vaccinations to ensure the appropriate use of medications.

"The Verified Beef Program is, in essence, the combination of good production practices with the documentation to prove this is what you are actually doing," explains Sopatyk. "It is a voluntary program. If producers wish, they can attend the workshop and implement the program in their operations, and then go on to be audited and fully registered with the VBP program."

The initial registration audit involves an on-farm visit. The auditor goes through the facilities, looks at how producers store and mix medicated feed, and how they store farm chemicals. The auditor reviews the treatment and vaccination program, as well as the documentation, and ensures that producers have a prohibited feed affidavit from their feed company swearing that there are no prohibited materials in their protein supplements.

"We have a couple of small meat processors in Saskatchewan and Alberta now who support the program and are requiring their cattle producer/suppliers go through the program," she explains. "Natural Valley Farms in Wolseley and Western Prime Meats out of Weyburn are having their producers attend the workshop and implement the program as a requirement of shipping animals to their processing plants. Prairie Heritage Beef in Alberta also has producers in Saskatchewan, and they are in the process of making it mandatory for their producers to attend the workshop, implement the program, pass the audit and be registered with the VBP program as well."

Sopatyk believes these processors are the first to have actually requested that their suppliers participate in the VBP program, which represents significant progress in her view.

So far in Saskatchewan, over 750 production units have attended the workshop in the last three-and-a-half years, notes Sopatyk. Twenty operations have been audited and registered, and another four are in the process of completing the audit.

"The acceptance rate may seem a bit low in comparison with the Canadian Quality Assurance (CQA) program for the hog

industry, but we have approximately 20,000 beef producers in the province, as opposed to 400 pork producers, and the beef industry is far less integrated," she explains. "Also, there are no major beef processors in Saskatchewan that require VBP registration, unlike the hog industry, where all major pork processors require CQA certification."

Sopatyk feels it is going to take longer to get people in the beef sector to come on board—especially getting processors and packers to require the audit—but she is happy with the progress made thus far.

"We are starting to see a growth in interest with niche processors, and we expect the overall commitment to keep growing."

If you are interested in attending a VBP producer workshop in your area, contact Dave Long, Provincial Co-ordinator, at 306-762-2033 or dlong@qualitystartshere.sk.ca.

More information can be obtained at www.qualitystartshere.sk.ca or www.qualitystartshere.org.

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TAKING A GROUP APPROACH TO WATERSHED-BASED ENVIRONMENTAL FARM PLANS

The new Saskatchewan Agri-Environmental Planning Group (AEGP) for the Lower Assiniboine and Lake of the Prairie Sub-Watersheds is working to implement conservation initiatives for their portion of the east-central region of the province.

"Under the Agricultural Policy Framework to which Saskatchewan committed a few years ago, there is funding available under the environmental section to carry out individual environmental farm plans (EFPs) as well as area-level watershed-based environmental farm plans," explains Todd Jorgenson, Saskatchewan Agriculture and Food (SAF) Forage Development Specialist and a member of the technical support contingent of the AEGP.

Because of the size of the Assiniboine River watershed, a smaller area was selected to be able to logistically implement an EFP. Partners include SAF, Ducks Unlimited Canada, the Yellowhead Regional Economic Development Authority, and the Saskatchewan Watershed Authority with help from local producers. The significance of the Lower Assiniboine/Lake of the Prairies Environmental Group Plan, explains Jorgenson, is that it will strategically focus attention on issues specific to that watershed. Two public meetings—in Langenburg and Wroxton—have just been held for producers within the watershed.

"We will be sending a report on these meetings to the Prairie Farm Rehabilitation Administration (PFRA), which will review it within their group and determine which beneficial management practices (BMPs) are best-suited to this particular area," says Jorgenson. "We want to make sure that producers have the opportunity to implement these practices in the upcoming year."

At the two public meetings, producers were told about the EFP process, and their input was solicited. A biophysical inventory of the area was displayed, which formed the basis for identifying land use issues. The issues were prioritized and discussed in the context of how an EFP and BMPs would address them.

"Most of the concerns that emerged dealt with forage and riparian area management, which relates to BMPs such as establishing buffer strips, seeding forages, cross-fencing, alternative water development, or simply improved range-forage management practices," says Jorgenson.

"The benefit of the area plan is that, if you are a producer in that watershed, you won't have to go through an individual farm plan to access cost-shared funding administered by the PFRA to help implement BMPs. Producers in the area can just contact the Yellowhead REDA in Langenburg (306-743-5177) to discuss the area EFP and the BMPs that would be applicable to the individual farm. As part of this project, we will be hiring a full-time technician. He or she will be based in Langenburg, and will be the main contact for the project."

The EFP's steering committee is comprised of Jorgenson, representatives from Ducks Unlimited and the local REDA, as well as a Saskatchewan Watershed Authority specialist, and will provide overall direction for the project. The Lake of the Prairies Conservation District in Manitoba is also involved as a partner in this project.

It is expected that, by the end of the process, there will be nine such projects in the province.

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CONSIDER INTEGRATING SHORT-TERM FORAGE STANDS INTO YOUR MIXED FARM

For most producers, the main objective of their pasture management plan is to keep a tame forage stand productive for as long as possible. This reduces the frequency of reseeding/rejuvenation, and keeps costs down. Many producers also tend to keep cropland in perpetual crop production, and pasture land in perpetual pasture.

However, Al Foster, Forage Development Specialist with Saskatchewan Agriculture and Food, wants producers to consider incorporating a short-term forage rotation onto their cropland.

"Including perennial forage crops, such as alfalfa or alfalfa/grass mixtures, in rotation with annual grain crops provides many agronomic and environmental benefits," he says. Also, given low grain prices, the ability to raise a few more cattle should put more money into mixed farmers' pockets.

This is where the integration of short-term forage stands becomes attractive, Foster points out.

"A number of the benefits are unique to deep-rooted, perennial hay crops like alfalfa," he says. "These are well-documented and are especially noticeable on dark grey and grey soils. For example, alfalfa fixes much of the nitrogen it needs for growth. After an alfalfa crop is terminated, nitrogen in the decaying roots and nodules becomes available for subsequent crops."

Alfalfa roots perform "biological tillage," thereby improving the soil environment for root growth of subsequent crops.

"On heavy clay soil, including alfalfa in a rotation increases soil/water infiltration by creating 'channels' in the soil through which water can move," he explains. As well, the tap roots of perennial legumes extract nitrogen and phosphorus from deeper in the soil than shallow-rooted annual crops.

In addition, forage in rotation reduces weed pressure on the annual crops that follow. Two or three years of forage in a six-year rotation virtually eliminated wild oats in cereal crops in a long-term study at the Agriculture and Agri-Food Canada Research Station in Brandon. In fact, a survey of commercial fields in Manitoba indicated significantly fewer wild oats, green foxtail and Canada thistle in wheat following forage crops, when compared to wheat following annual crops.

"The average lifespan of an alfalfa stand in the northeast is probably six or seven years," Foster explains. "The main advantage of shortening the lifespan to two or three years is that the benefits associated with forages can be spread across more land without the need to increase the farm's total forage acreage.

Also, forages in rotation can slow the development of herbicide resistant weeds, which, in some areas, is becoming a problem."

In areas where land is marginal for crop production, rotating two to three years of alfalfa hay—in lieu of crop production—can both improve the soil and save on crop input costs. In addition, land currently producing hay can be converted to pasture, thereby increasing the grazing capacity of the farm.

Foster encourages producers to give serious consideration to the advantages of short-term hay stands: lower input costs and increased cattle production.

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SASKATCHEWAN AGRIBUSINESSES TAKE ADVANTAGE OF NEXTRADE'S FINANCING SOLUTIONS

Here is a home-grown solution for agribusiness export needs: Nextrade Finance has been providing Saskatchewan exporters with customized financial solutions since November 2004. It is an initiative of the Saskatchewan Trade and Export Partnership (STEP), and Glen Millard is its director.

One of the greatest challenges faced by service providers, and the companies they work with, was a real lack of financing for small-market export transactions—short-term 90-day receivables, valued at $150,000 U.S. or less, he explains.

"There is a multitude of reasons for that, one of them being their one-off nature. You sell to a buyer in Germany, and you might not be able to sell to him again for 18 months, or three months."

One of the Saskatchewan companies that has been taking advantage of Nextrade's services is Regina's Farmer Direct Co-operative Ltd. They export organic durum, flax, hemp and barley, among other commodities.

"We have clients around the world," says Jason Freeman, the co-operative's sales and marketing manager, "and Nextrade Finance provides us with the kind of critical account receivable financing that allows us to get paid immediately after we ship our product, instead of having to wait 30 to 90 days. As you can imagine, this gives us a considerable advantage in carrying out our day-to-day business. I can't praise it enough."

Nextrade's services are certainly popular. Since December 2005, Nextrade has financed $1.5 million in exports, according to Millard.

"We did $3.7 million in our first year, so that's $5.3 million since the inception of the program. Our strength is the fact that we can customize our lending to meet the needs of our clients. With Farmer Direct, if they are purchasing products from one of their suppliers to meet an export order, they may have to purchase that 40 days in advance to fill in that order and ship it.

"What we do for them is make available the capital they need to purchase that product so they can pay their suppliers immediately. They do what they have to do to that product— whether they have to clean it, sort it or get it ready for shipment, and the day they ship, we would then pay them the total amount, depending on what the export receivables were."

It is a kind of bridge financing for exporters. Nextrade allows them to conclude these small transactions without having to overextend themselves and use traditional credit facilities.

"We are a non-asset-based lender, so exporters don't have to put up their assets for collateral," says Millard. "We actually lend against the paper of the transaction, so we spend a lot of time doing our due diligence process, analysing the actual export sale documentation. We have uncovered a lot of variances on behalf of our clients, and have really helped them tighten those things up, which of course results in payments being made more quickly by their buyers. It shortens accounts receivable times, and really improves a lot of our clients' payment history."

Essentially, Nextrade Finance accelerates the business cycle for these enterprises.

"We are getting them their cash more quickly. There are two reasons why we do it: to make available the financing so that companies have the financial capability to fill export orders, and to eliminate or reduce their risk as much as possible.

"We pay the Saskatchewan exporter in Canadian dollars, yet we allow the foreign buyer to pay us in whatever currency they choose, as long as it is a tradeable currency. It is a definite advantage for companies because, if you have been following the U.S. dollar for the last four years, you know that the Canadian dollar has appreciated quite a bit, and a lot of companies have

lost money by not hedging. The fact that we pay in home currency eliminates that currency risk for them. We use export credit insurance products, so we take away the risk of buyer non-payment."

Nearly half of Nextrade's business is in the agricultural sector, says Millard. Their most recent figures, compiled on March 17, show that $2.3 million has been generated through agricultural commodities. The biggest users of Nextrade's agricultural services have been exporters of organic crops.

"Since the inception of the program," Millard explains, "we have supported 58 agricultural export transactions, each worth an average of $38,800. Export companies usually use our support for 47 days. Agricultural commodities are the fastest growing sector among our clients. To date, 56 per cent of our clients are located in rural Saskatchewan."

Nextrade Finance's services can be accessed by any company in the province. Visit http://www.nextrade.ca/ to find out more.

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